



Leaving the Scheme – DC options



Helping you decide

As you're leaving HSBC, you need to think about what to do with your defined contribution (DC) pension pot. To help you decide what's right for you we've provided this leaflet.

Before making a decision, you should read the information provided and if you have any questions you can contact the HSBC Administration Team – see contact details on page 5.

If you're not sure about your choices, we recommend that you talk to an Independent Financial Adviser (IFA); see page 4 for more details of how to find a local Independent Financial Adviser.

If you're leaving the Scheme with:

less than thirty days' qualifying service...

You can either

- get back the value of any money you've put into your DC pension pot,

or

- transfer the value of any money you've put into your DC pension pot (or paid in by your employer through salary sacrifice in place of your contributions) to another registered pension scheme or qualifying overseas scheme, such as your new employer's pension scheme or a personal pension plan.

30 days or more of qualifying service...

You can either

- leave your money invested in your DC pension pot,

or

- take benefits from your DC pension pot if you're age 55 or over,

or

- transfer the total value of your DC pension pot (including the value of your employer's contributions) to another registered pension scheme or qualifying overseas scheme, such as your new employer's scheme or a personal pension.

If you are thinking of taking a transfer to a qualifying recognised overseas pension scheme (known as a QROPS), you may be subject to a 25% tax charge if certain exemptions don't apply.

If you don't tell the HSBC Administration Team, WTW, what you'd like to do with your DC pension pot within three months of leaving the Scheme, it will remain in the Scheme.

Your options explained

Receive a payment

For members with less than 30 days' qualifying service only

You can get back the value of any money you've put into your DC pension pot.

This does not apply if contributions have been made by your employer through salary sacrifice in place of your contributions.

Any payments made are subject to tax and any other statutory deductions.

If you'd like a payment, you'll need to complete the **Payment Request form**. The payment will be processed within three months of the HSBC Administration Team receiving your form. HSBC Payroll will be responsible for making the payment to you.

Transfer the value of your DC pension pot

For members with less than 30 days' qualifying service

You can transfer the value of any money you've put into your DC pension pot to another pension scheme. This includes contributions made by your employer through salary sacrifice in place of your contributions.

If you don't tell the HSBC Administration Team within three months of leaving the Scheme that you'd like to transfer your benefits, you will automatically receive a payment of the value of any money you've put into your DC pension pot. (See under 'Receive a payment'.)

For members with at least 30 days' qualifying service

You can transfer the total value of your DC pension pot (including the value of your employer contributions) to another pension scheme.

Please note:

Whatever your length of qualifying service, if you choose this option you need to complete and return the **Transfer-out Request form**. A transfer can take up to three months (and occasionally longer) to be completed. If you do transfer, no further benefits will be paid to you from the Scheme.

Once the **Transfer-out Request form** has been received and processed by the HSBC Administration Team, you'll be sent the transfer value quotation. This will give you all the information you need to progress your transfer.

Things to consider...

- The transfer value provided in your statement represents the value of your DC pension pot at the date of calculation and is not guaranteed.
- Before you progress your transfer-out request please make sure that the receiving plan will accept the transfer. Transfers can only take place if the receiving plan is legal and compliant with HM Revenue and Customs requirements.
- It's recommended that you talk to an IFA before you choose to transfer any benefits out of the Scheme.

Taking your DC pension savings

If you're aged 55 or over and thinking of taking benefits from your DC pension pot please contact the HSBC Administration Team for a quotation and more information.

From 06 April 2028 the earliest age at which pension savings can be taken will increase from age 55 to 57.



Leave your DC pension pot in the Scheme

For members with at least 30 days' qualifying service

You can leave your DC pension pot in the Scheme, where it will continue to be invested in your chosen funds (instead of taking a transfer).

If you choose this option you'll need to let us know if you change your address and/or email address, so that we can keep you updated with Scheme news and contact you when you get close to your target retirement age. For further details about how to keep your personal details up to date, see page 5.

Review and change your investments and target retirement age

You can change how your money is invested and change the age you want to target to take your DC pension pot (set at 65 unless you tell us a different age) by logging on to **My Pension**. Once logged in select the My Investments tab and then Change My Investments from the drop-down menu. You're able to make up to 12 free switches a year – if you make any more there may be a charge.

Whatever decision you make isn't a one-off. It's something you should review regularly especially as you get closer to the age when you want to take your DC pension pot, or as your personal circumstances change.

The guide 'Your DC pension pot – your investment choice' gives you an overview of the four options for investing your DC pension pot and provides further information about investments. Go to <https://futurefocus.staff.hsbc.co.uk/deferred-dc/information-centre/members-guides>

The Trustee has developed more information on your options at retirement. You can find this information on futurefocus <https://futurefocus.staff.hsbc.co.uk/active-dc/important-decisions-about-your-retirement-savings>

How you could use your DC pension pot

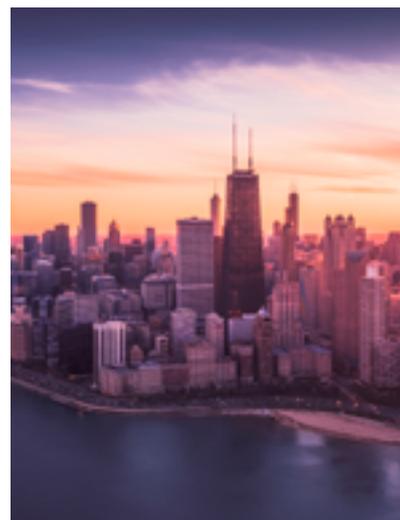
You can use your DC pension pot any time from age 55 up to 75 in any way you like. What you do will depend on your personal circumstances.

At the date of this leaflet, you can:

- take a tax-free cash sum which is currently up to 25% of your DC pension pot (up to the 'Lifetime Allowance' (LTA) and use the rest of your DC pension pot to buy an annuity (see below).
- receive a lump sum if your DC pension pot (and the value of any other benefits you have in the Scheme) is less than £10,000. The first 25% will be tax free and the rest taxed at your marginal rate of income tax
- use some or all of your DC pension pot to buy an income (called an annuity) with a provider of your choice
- take all your DC pension pot in one go as cash. You can take 25% (up to the LTA) as tax-free cash and the rest would be taxed at your marginal rate of income tax. (You could choose to take your pension pot as cash over two consecutive tax years. For further information please contact the HSBC Administration Team - see contact details on page 5)
- transfer your DC pension pot out of the Scheme to a provider who offers you the facility to drawdown income (also called 'flexi-access drawdown'), or to take multiple cash sums.

If you're interested in knowing more about these options, your member guide 'Knowing your DC pension pot' tells you more. You can find the guide on

<https://futurefocus.staff.hsbc.co.uk/deferred-dc/information-centre/members-guides>



HSBC pays most of the fees

HSBC pays the administration and investment management fees for all the investment options available. Because of that, you can get the most out of your DC pension pot.

Depending on the fund you choose, there may be other investment charges which are included in the price of the fund.

'Cash out' and 'drawdown income' **DO NOT** give you a guaranteed, regular income.

Other considerations

Benefits if you die

If you die before you retire, the total value of your DC pension pot (including the value of your employer's contributions) will be paid as a lump sum at the Trustee's discretion. (See 'Keep in Touch' on page 5 for details about keeping the Trustee informed.)

Additional Voluntary Contributions (AVCs)

If you've paid AVCs, the value of these will be included in the total value of your DC pension pot.

Lifetime Allowance (LTA)

If you build up a large amount of pension savings over your lifetime, you may reach what is known as the 'Lifetime Allowance' (LTA). This amount includes the value of your pension entitlement that you've built up across all registered pension schemes that you've been a member of, not just the Scheme. If your savings exceed the LTA you may have

to pay a tax charge on the excess unless you have protection. From 6 April 2023, the LTA Tax Charge on pension savings in excess of the LTA was removed.

This means that, if you take your pension benefits and they are in excess of the LTA after this date, they will not be subject to the LTA Tax Charge. They will instead be subject to the same rate of tax as your other pension benefits (i.e., they will be subject to income tax at your marginal rate).

The Chancellor also announced his intention to completely abolish the LTA framework during the 2024/25 tax year. Please note that it is unclear if the proposed abolition of the LTA from 6 April 2024 will proceed, and if it did, how this would be done. Given this, you might want to pause any plans that relate to this until more is known.

It is important to note that, whilst the LTA Tax Charge has effectively been removed, the maximum level of tax-free cash (also called the pension commencement lump sum or PCLS) has not been increased:

the maximum tax-free cash amount was frozen at £268,275 (i.e., 25% of the standard LTA for the 2022/23 tax year) other than for members with an existing protection.

It's important that you keep track of all the benefits you're building up, not just the savings you have in the Scheme. Ultimately, you're responsible for checking your benefits against the LTA.

If you think you might be affected, you should contact an Independent Financial Adviser; see below for more details of how to find a local Independent Financial Adviser.

When you retire, if you've chosen to leave your savings in the Scheme you may need to confirm whether you have any pension benefits from other schemes. You will also need to tell us if you have any form of LTA protection.

Money Purchase Annual Allowance (MPAA)

The amount that can be contributed to your pension each year while still receiving tax relief is limited by your 'Annual Allowance'. Taking all your DC pension pot (and any other money purchase or DC savings you have) as cash, opting for 'flexible drawdown' or taking reducing annuities when you're over age 55 (see DC member guide 'Knowing your DC pension pot') may trigger a reduced Annual Allowance, the MPAA, for any future DC contributions to money purchase schemes.

The MPAA limit for the tax year 2023/24, is £10,000.

This may benefit you if you have flexibly withdrawn DC benefits in the past (for example using income drawdown) but now wish to resume or increase your pension savings from April 2023. and, if triggered, any DC pension pot contributions (or contributions to other money purchase schemes) you or your employer make that are over the limit will be subject to a tax charge.

If you're not sure, you can get help.

Get financial advice

The Trustee and your employer can't give you any financial or investment advice. If you're not sure you could speak to an Independent Financial Adviser. To get help finding one, go to:

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>

There's also the Money and Pensions Service who you can contact through your local Citizens Advice or directly at: <https://moneyandpensionservice.org.uk/>

Free and impartial guidance

When the time comes, you choose how to use your DC pension pot. Pension Wise is a service backed by the Government. It offers free and impartial guidance to help you think about how to make the best use of your DC pension pot. You can access the Money and Pensions Service at <https://moneyandpensionservice.org.uk/>. Once you are aged 50 or over, you can arrange an appointment with the Money and Pensions Service or MoneyHelper.

The appointments can be by phone or face-to-face. Telephone appointments can be booked by ringing call **0800 138 3944**. If you're outside the UK, call **+44 20 3733 3495**. Face-to-face appointments can be booked by calling your local guidance provider; see here for the relevant contact details: Go to: <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise/book-a-free-pension-wise-appointment>

You should access the guidance and consider taking independent advice to help you decide which option is most suitable for you.



Keep in touch Help and information

It's essential that the Trustee has up to date information about you and your dependants. If any of the personal details in your statement are wrong, or if your personal circumstances change; for example, if you get married or register a civil partnership, have children, get divorced or move house, you need to let us know.

You should also check that your death benefit nominations are up to date so that we know who you would like us to pay any benefits to if you die.

You can make your changes by logging on to **My Pension** – see section 'Getting online to My Pension'.

The Trustee is looking to communicate with members in the quickest and most environmentally friendly way possible. If you are a DC member, why not log in to **My Pension** – go to My Details, to add your personal details. We can then make sure we send you the important information you need about your pension. Don't worry – we will only ever use your details to contact you about your HSBC pension.

Thanks for your help!

Getting online to My Pension

Log on to **My Pension** anytime, from anywhere. Go to the HSBC pension website: <https://futurefocus.staff.hsbc.co.uk/> and click **Login to My Pension**. You will need your user ID and password if you are not on the HSBC network.

Using your Scheme mobile app

The **My Pension** mobile app gives you hassle-free, real time access to your DC pension pot when you're on the move.

You can download 'Track My Pension' from the Apple App Store or the Google Play Store, or use the QR codes opposite for iOS or Android apps.

Apple App Store:



Google Play Store:



HSBC Administration Team, WTW

If you think that any of the information in this pack is wrong, or you've got any general questions about the Scheme, please contact the HSBC Administration Team at:

The HSBC Administration Team, WTW
PO Box 652, Redhill, Surrey RH1 9AL

Phone: 01737 227575

Email: HSBCpension@willistowerswatson.com

This guide takes account of the Trustee's understanding of the UK tax and social security legislation in force as at July 2023. If there are differences between this guide and the Trust Deed and Rules, the latter will always override.

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